Message Text

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USMTN

PASS STR FOR INFO

E.O. 11652: N/A TAGS: ETRD, MTN, JA

SUBJECT: MTN TOUR D'HORIZON WITH JAPAN

- 1. NEWLY APPOINTED JAPANESE FOREIGN MINISTRY DIRECTOR GENERAL FOR ECONOMIC AFFAIRS TESHIMA REQUESTED TOUR D'HORIZON WITH US MTN DEL WHILE HE WAS IN GENEVA FOR CG-18. TESHIMA, ACCOMPANIED BY AMBASSADOR SAWAKI AND UKAWA, MET FEBRUARY 21 WITH AMBASSADORS MCDONALD AND WOLFF, RIVERS AND MEMBERS OF US MTN DEL.
- 2. MCDONALD USED THIS OCCASION TO GIVE TESHIMA AND SAWAKI A PREVIEW OF OUR ANALYSIS OF JAPAN'S MTN OFFERS. MCDONALD NOTED THAT JAPAN'S OFFERS HAD OBVIOUSLY BEEN PREPARED PRIOR TO STRAUSS/USHIBA COMMUNIQUE OF JANUARY 13 AND SUGGESTED THAT MIGHT ACCOUNT FOR FACT THAT JAPAN'S OFFERS DO NOT COME UP AT ALL TO THE LEVEL LIMITED OFFICIAL USE

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CALLED FOR IN THE S/U COMMUNIQUE. MCDONALD SAID UNILATERAL CUTS JAPAN HAS ANNOUNCED FOR APRIL 1 ARE A USEFUL GESTURE BUT OUR ANALYSIS OF CONTENT SUGGESTED JAPAN HAD AVOIDED PAINFUL ACTIONS AND CUTS SEEMED TO BE LARGELY ON ITEMS JAPAN ITSELF NEEDS TO IMPORT OR WHERE JAPAN HAD ALREADY DOMINANT EXPORT POSITION WITH LITTLE OR NO OPPORTUNITY FOR OUTSIDERS TO GAIN IMPROVED ACCESS

TO JAPANESE MARKET. TESHIMA RESPONDED WITH CONFIRMATION THAT JAPAN STOOD BY THE UNDERTAKINGS IN S/U COMMUNIQUE INCLUDING AGREED OBJECTIVES IN PARA 6 THEREOF. HE SAID, HOWEVER, GOJ BELIEVES ITS OFFER IS COMPARABLE TO THAT DF THE U.S. IF NOT BETTER, BUT SAID JAPAN IS READY TO ENTER INTO NEGOTIATIONS AND RECOGNIZED JAPAN WOULD HAVE TO TAKE ACCOUNT OF THEIR TRADING PARTNERS' INTERESTS. CONCERNING APRIL ADVANCE CUTS, TESHIMA SIMPLY NOTED IT WAS HIS IMPRESSION THE U.S. DID NOT PROPERLY APPRECIATE JAPAN'S EFFORTS.

- 3. MCDONALD EMPHASIZED IMPORTANCE OF OBTAINING SIGNIFICANT RESULTS IN THE MTN ON AGRICULTURE IN ORDER TO MAINTAIN THE SUPPORT OF U.S. AGRICULTURAL CONSTITUENCY. HE DESCRIBED JAPAN AGRICULTURAL OFFER AS EXTRAORDINARILY MODEST AND, WHILE U.S. DID NOT EXPECT COMPLETE FREEDOM OF TRADE IN AGRICULTURE, THERE NEVERTHELESS COULD BE SUBSTANTIAL RESULTS THAT WOULD BE OF LONG RUN ECONOMIC BENEFIT TO JAPAN AS WELL. TESHIMA RESPONDED THAT AGRICULTURE IS A VERY DELICATE AREA FOR JAPAN AND NOTED JAPAN WAS A LARGE, STABLE IMPORTER OF U.S. AGRICULTURAL PRODUCTS.
- 4. QUICK RUN-THROUGH OF ALL MAJOR AREAS OF THE MTN PRODUCED NO SURPRISES. WITH RESPECT TO CUSTOMS VALUATION, UKAWA SAID JAPAN HAD BEEN ACTIVE BEHIND THE SCENES IN LIMITED OFFICIAL USE

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URGING EC TO COME FORWARD WITH A DRAFT CODE AND THAT JAPAN'S RESTRAINED POSTURE IN PUBLIC MEETINGS ON THIS TOPIC REFLECTED SENSITIVITY TO THE FACT THAT CHANGES WOULD BE REQUIRED IN JAPAN. ON SAFEGUARDS, TESHIMA SAID THIS WAS ONE OF THE MOST DIFFICULT AREAS AND JAPAN WANTED TO REACH AGREEMENT FIRST WITH U.S. ON A BASIC FRAMEWORK FOR POSSIBLE AGREEMENT; HE NOTED AN INTENSIVE BILATERAL WITH THE U.S. WAS SCHEDULED FOR THE NEXT DAY WITH KEY WORKING-LEVEL OFFICIALS OF THE MOST INTERESTED MINISTRIES. CULBERT

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